

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2005
(In Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				
	MAJOR				GOVERNMENTAL
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS	ACTIVITIES -- INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from federal and local agencies	\$ -	\$ 58,757	\$ -	\$ 58,757	\$ -
Receipts from customers	2,089,745	1,526,539	688,927	4,305,211	1,545,348
Membership dues	-	-	4,050	4,050	-
Payments to employees	(12,523)	-	(14,758)	(27,281)	(174,505)
Payments to suppliers	(48,360)	-	(541,871)	(590,231)	(659,598)
Payments to prize winners	(1,258,585)	-	-	(1,258,585)	-
Payments for commissions to retailers	(191,175)	-	-	(191,175)	-
Claims paid	-	(1,900,320)	-	(1,900,320)	(717,113)
Other receipts	-	38,202	534	38,736	21
Other payments	-	-	(1,584)	(1,584)	(7,357)
Net cash provided (used) by operating activities	\$ 579,103	\$ (276,822)	\$ 135,299	\$ 437,580	\$ (13,203)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Other nonoperating revenues	\$ -	\$ -	\$ 51	\$ 51	\$ -
Loans or loan repayments from other funds	-	-	-	-	19,201
Loans or loan repayments to other funds	-	-	-	-	(19,013)
Specific tax on spirits	-	-	12,194	12,194	-
Transfers to other funds	(679,602)	(46,434)	(146,315)	(872,351)	(1,248)
Other receipts	-	-	-	-	(5)
Net cash provided (used) by noncapital financing activities	\$ (679,602)	\$ (46,434)	\$ (134,071)	\$ (860,107)	\$ (1,065)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	\$ (168)	\$ -	\$ -	\$ (168)	\$ (18,993)
Interest paid	-	-	-	-	(188)
Capital lease payments (including imputed interest expense)	-	-	-	-	(12,741)
Proceeds from sale of capital assets	-	-	-	-	130
Net cash provided (used) by capital and related financing activities	\$ (168)	\$ -	\$ -	\$ (168)	\$ (31,792)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	\$ (123,873)	\$ -	\$ -	\$ (123,873)	\$ -
Proceeds (purchases) from sale and maturities of investment securities	222,099	293,596	(540)	515,155	-
Interest and dividends on investments	2,541	33,440	2,618	38,600	-
Income from securities lending activities	6,344	-	-	6,344	-
Expenses from securities lending activities	(6,014)	-	-	(6,014)	-
Net cash provided (used) by investing activities	\$ 101,097	\$ 327,036	\$ 2,078	\$ 430,211	\$ -
Net cash provided (used) - all activities	\$ 430	\$ 3,780	\$ 3,307	\$ 7,517	\$ (46,060)
Cash and cash equivalents at beginning of year	4,981	8,606	54,580	68,168	270,939
Cash and cash equivalents at end of year	\$ 5,412	\$ 12,387	\$ 57,887	\$ 75,685	\$ 224,879

The accompanying notes are an integral part of the financial statements.

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				
	MAJOR				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS	
RECONCILIATION OF CASH AND CASH EQUIVALENTS					
Per Statement of Net Assets Classifications:					
Cash	\$ 2	\$ 5,075	\$ 1,063	\$ 6,140	\$ 219
Equity in common cash	6,200	7,312	57,477	70,989	226,281
Warrants outstanding	(790)	-	(653)	(1,443)	(1,621)
Cash and cash equivalents at end of year	<u>\$ 5,412</u>	<u>\$ 12,387</u>	<u>\$ 57,887</u>	<u>\$ 75,685</u>	<u>\$ 224,879</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 675,210	\$ (246,174)	\$ 132,283	\$ 561,319	\$ (57,884)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation expense	137	-	15	152	43,185
Amortization of prize award obligation discount	(34,252)	-	-	(34,252)	-
Other reconciling items	135	-	-	135	-
Net Changes in Assets and Liabilities:					
Inventories	392	-	287	679	139
Other assets (net)	(386)	(26,531)	40	(26,877)	5,023
Accounts payable and other liabilities	193	(4,433)	3,084	(1,157)	(3,665)
Prize awards payable	(62,326)	-	-	(62,326)	-
Deferred revenue	-	316	(410)	(94)	-
Net cash provided (used) by operating activities	<u>\$ 579,103</u>	<u>\$ (276,822)</u>	<u>\$ 135,299</u>	<u>\$ 437,580</u>	<u>\$ (13,203)</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ 35
Cost of capital assets acquisitions financed by capital leases	-	-	-	-	8,991
Capital lease liabilities entered into during the year	-	-	-	-	(8,991)
Increase (decrease) in fair value of investments	(24,646)	-	-	(24,646)	-
Transfers to other funds (accrual)	(10,579)	(5,963)	-	(16,542)	-
Gain (loss) on disposal of capital assets	-	-	-	-	(265)
Total noncash investing, capital, and financing activities	<u>\$ (35,226)</u>	<u>\$ (5,963)</u>	<u>\$ -</u>	<u>\$ (41,189)</u>	<u>\$ (230)</u>